



**KRIEGEL/GRAY/SHAW & CO., P.C.**

2452 Missouri Ave., P.O. Box 2707, Las Cruces, New Mexico 88004 • Phone: (575) 523-7444, Fax: (575) 527-0872

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**STATE OF NEW MEXICO**

**ROSEDALE MUTUAL DOMESTIC  
WATER CONSUMERS ASSOCIATION**

**AGREED UPON PROCEDURES**

**DECEMBER 31, 2010**

**STATE OF NEW MEXICO  
ROSEDALE MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION**

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**STATE OF NEW MEXICO  
ROSEDALE MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION**

OFFICIAL ROSTER  
DECEMBER 31, 2010

**Board of Directors**

<b><u>Name</u></b>	<b><u>Title</u></b>
<i>T. J. Robinson</i>	<i>President</i>
<i>Walter Mitchell</i>	<i>Vice President</i>
<i>Deming Gustafson</i>	<i>Board Member</i>
<i>Raymond Loyd</i>	<i>Board Member</i>
<i>Ron Schrader</i>	<i>Board Member</i>

**Association Official**

<i>Tom Fleming</i>	<i>Manager</i>
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**INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED UPON PROCEDURES**

Rosedale Mutual Domestic Water Consumers Association  
and State of New Mexico  
Office of the State Auditor

We have performed the procedures enumerated below, which were agreed to by Rosedale Mutual Domestic Water Consumers Association and the State of New Mexico Office of the State Auditor, solely to assist you with respect to the accounting records of Rosedale Mutual Domestic Water Consumers Association as of December 31, 2010. Rosedale Mutual Domestic Water Consumers Association's management is responsible for the company's accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and results are as follows:

1. Cash
  - a. We reviewed 100% of the bank reconciliations of Rosedale Mutual Domestic Water Consumers Association and determined that all bank reconciliations are being performed in a timely manner and that all bank and investment statements for the fiscal year are complete and on-hand.
  - b. We randomly selected two bank reconciliations of Rosedale Mutual Domestic Water Consumers Association to determine that they were accurate and that they agreed to the general ledger, supporting documentation, and financial reports presented to the Board of Directors.
  - c. We reviewed the supporting documentation provided by the financial institutions of Rosedale Mutual Domestic Water Consumers Association and determined that they have provided the Association with the 50% of pledged collateral on all uninsured deposits as required by Section 6-10-17 NMSA 1978, NM Public Money Act, where applicable. All accounts were fully insured, no pledged collateral required.
2. Capital Assets. We reviewed the annual inventory of Rosedale Mutual Domestic Water Consumers Association (as required by Section 12-6-10 NMSU 1978) and determined the following:
  - a. Rosedale Mutual Domestic Water Consumers Association performed an end of year inventory, as required, and provided this inventory list to us.

3. Revenue. We identified the nature and amount of revenue from sources by reviewing the budget, agreements, rate schedules, and underlying documentation.
  - a. We performed an analytical review; tested actual revenue compared to budgeted revenue for the year for each type of revenue. All revenues appeared reasonable based on the analytical performed in comparison to budgeted revenue.

We tested 50% of the total amount of revenues (on the cash basis) for the following attributes:

- b. Amount recorded in the general ledger agrees to the supporting documentation and the bank statement.
  - c. Proper recording of classification, amount, and period per review of supporting documentation and the general ledger. No exceptions were noted.
4. Expenditures. We selected a sample of cash disbursements and tested 54 transactions (50% of the total amount of expenditures) for the following attributes:
  - a. Determine that amount recorded as disbursed agrees to adequate supporting documentation. Verified that amount, payee, date and description agree to the vendor's invoice, purchase order, contract and canceled check, as appropriate. No exceptions noted.
  - b. Determine that disbursements were properly authorized and approved in compliance with the budget, legal requirements and established policies and procedures. No exceptions noted.
  - c. Determine that the bid process (or request for proposal process if applicable), purchase orders, contracts and agreements were processed in accordance with the New Mexico Procurement Code (Section 13-1-28 through 13-1-199 NMSA 1978) and State Purchasing Regulations (1.4.1 NMAC) and Regulations Governing the Per Diem and Mileage Act (2.42.2 NMAC). There were no purchases subject to the bid requirements.
5. Journal Entries. The financial records of Rosedale Mutual Domestic Water Consumers Association indicated that no journal entries were posted to the general ledger; therefore, we did not perform any tests in this area.
6. Budget
  - a. Through a review of the minutes, we verified that the original budget was approved by the Board of Directors. Per correspondence with DFA-LGD, the Association filed their budgets timely but processing was delayed by LGD resulting in a retroactive approval for the Fiscal Year '10 budget after their calendar fiscal year end.
  - b. We determined that actual expenditures did not exceed the final budget at the legal level of budgetary control.

We have prepared a schedule of revenues and expenditures – budget and actual on the budgetary basis used by Rosedale Mutual Domestic Water Consumers Association for the general operating fund.

Rosedale Mutual Domestic Water Consumers Association  
and State of New Mexico  
Office of the State Auditor  
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No other information came to our attention indicating any fraud, illegal acts, noncompliance, or any internal control deficiencies.

We were not engaged to, and did not, conduct an audit, the objective of which would be these expression of an opinion on the accounting records. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of Rosedale Mutual Domestic Water Consumers Association management, others within the association, the Board of Directors, the State Auditor, and the New Mexico Legislature and is not intended to be and should not be used by anyone other than those specified parties.

*Kriegel/Gray/Shaw & Co., P.C.*  
Kriegel/Gray/Shaw & Co., P.C.

May 20, 2011

**STATE OF NEW MEXICO**  
**ROSEDALE MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION**  
**GENERAL OPERATING FUND**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND NET ASSETS  
 BUDGETARY BASIS AND ACTUAL

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010

	Budget Original	Budget Final	Actual	Variance Favorable (Unfavorable)
<b>OPERATING REVENUES:</b>				
Water sales, net of refunds	\$82,000	\$82,000	\$85,312	\$3,312
Finance charges	205	205	3,031	2,826
<i>Total operating revenues</i>	<u>82,205</u>	<u>82,205</u>	<u>88,343</u>	<u>6,138</u>
<b>OPERATING EXPENSES:</b>				
Cost of water	25,000	25,000	30,812	(5,812)
Salaries and wages	28,000	28,000	28,080	(80)
Accounting services	8,000	8,000	3,490	4,510
Supplies	500	500	1,759	(1,259)
CME/seminars	0	0	298	(298)
Dues and subscriptions	350	350	279	71
Insurance	4,100	4,100	5,631	(1,531)
Computer support	0	0	34	(34)
Payroll taxes	2,700	2,700	2,273	427
Repairs and maintenance	23,555	23,555	2,767	20,788
Taxes, other	0	0	38	(38)
Office expense	1,350	1,350	1,465	(115)
Utilities and telephone	0	0	75	(75)
Travel expenses	0	0	113	(113)
Rental expense	200	200	0	200
<i>Total operating expenses</i>	<u>93,755</u>	<u>93,755</u>	<u>77,114</u>	<u>16,641</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>				
State grant funds	19,355	19,355	0	(19,355)
Interest income	500	500	363	(137)
Other expense	(300)	(300)	(33)	267
<i>Total non-operating revenues (expenses)</i>	<u>19,555</u>	<u>19,555</u>	<u>330</u>	<u>(19,225)</u>
<b>Change in fund net assets</b>	<u>\$8,005</u>	<u>\$8,005</u>	<u>\$11,559</u>	<u>\$3,554</u>

**STATE OF NEW MEXICO**  
**ROSEDALE MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010**

**CURRENT YEAR SIGNIFICANT DEFICIENCIES:**

**2010-01 Reports Not Submitted Timely to New Mexico State Auditor's Office**

**Statement of Condition** – The report for the Agreed Upon Procedures engagement was not submitted to the Office of the State Auditor by the date listed in the Agreed Upon Procedures Contract (i.e., May 1, 2011).

**Criteria** – Agreed Upon Procedures engagements are due to the Office of the State Auditor no later than five months after the fiscal year end per 2.2.2.16(H) NMAC.

**Cause** – Neither the attesting accountant nor the agency noticed that the Agreed Upon Procedures Contract contained the date of May 1, 2011 rather than the correct date of June 1, 2011.

**Effect** – Noncompliance with due date contained in the Agreed Upon Procedures Contract; however, report was submitted in compliance with 2.2.2.16(H) NMAC.

**Recommendation** – The attesting accountant and the agency shall confirm that the due date listed in the Agreed Upon Procedures Contract is in accordance with 2.2.2.16(H) NMAC.

**Management's Response** – The Association agrees and will do everything possible to assist the attesting accountant in this regard.



**STATE OF NEW MEXICO**  
**ROSEDALE MUTUAL DOMESTIC WATER CONSUMERS ASSOCIATION**  
EXIT CONFERENCE  
DECEMBER 31, 2010

**EXIT CONFERENCE:**

The exit conference was held May 24, 2011 and was attended by the following:

**From Rosedale Mutual Domestic Water Consumers Association:**

T. J. Robinson, President  
Tom Fleming, Manager

**From Kriegel/Gray/Shaw & Co., P.C.:**

Debbie Gray, CPA/Shareholder  
Kyle Sanders, Staff Accountant

**FINANCIAL STATEMENT PREPARATION**

The financial statements of Rosedale Mutual Domestic Water Consumers Association were prepared from original books and records provided by and with assistance from the management of the Association and Kriegel/Gray/Shaw & Co., P.C. as of and for the year ended December 31, 2010.